which during these years could point with pride to the feat of spending less than they took in.

The total annual budget expenses of the Central Government leaped from 26,000,000 pesos ($13,000,000) in 1908 to 79,000,000 pesos ($39,500,000) in 1928. The total appropriation authorized in 1934 was 64,000,838 pesos and 4 centavos ($32,000,419.02). Deducting from this amount the sum of 20,720,606 pesos and 83 centavos ($10,360,-303.41), representing fixed charges and other continuing appropriations, the balance was 43,280,231 pesos and 21 centavos ($21,640,115.60), the gross appropriation for regular operation expenses. Further elucidation of these dry figures will be found in a graphic presentation of the budget for 1935.

The cities of Manila and Baguio, like the Central Government, have balanced budgets. Provincial and municipal finances are not so well ordered. Overdrafts and heavy accounts payable have been incurred in several provinces.

The Philippine Commonwealth is in a sound financial condition. It is also gratifying to note that the Commonwealth Government will continue to make use of the budget system.

INCOME

The income of the Central Government is mainly derived from customs duties, internal revenue taxes, and earnings of government enterprises. The import duties are primarily for revenue and only incidentally for protection of local industries. The principal sources of governmental income derived from internal revenue are the license and business tax, the excise tax, the income tax, the documentary stamp tax, the

tax on banks, insurance companies, and corporations, the charges for forest products, the tax on mines, and the inheritance tax. .

A tax peculiar to the Philippines is the cedula tax. This is paid by ail male inhabitants of the Philippines, with a few